

Israeli Voters Threaten Likud With Worst Ballot In Years, Exit Poll Finds

By Jackson Diehl
JERUSALEM — Israel's opposition Labor Party appeared likely to emerge with a substantial lead in the general elections for parliament held Tuesday, according to partial returns and an exit poll released by Israel's state television.



An ultraorthodox sectarian who did not want to be photographed, blocking his face with his hand as he ran to a polling station in Jerusalem during Tuesday's election.

ANC Quits Talks, Accusing de Klerk Of Taking Nation To 'Brink of Disaster'

By David Ottaway
JOHANNESBURG — The African National Congress said Tuesday it was breaking off its constitutional negotiations with the government of President Frederik W. de Klerk until it took "practical steps" to end worsening violence in the country.

Germany Wonders Whether It Still Needs an Army

By Craig R. Whitney
BONN — With the Cold War over and the Soviet Union gone, Germany sometimes seems unsure whether it needs an army at all any more.

amended to allow "forces for defense," whose mission was limited to protection from the threat of armed attack by the Warsaw Pact. Now, after reunification, that threat is gone, and so is the only postwar rationale for defense forces.

The Voters Keep On Expressing Disapproval of Bush and Clinton

By Robin Toner
NEW YORK — The two major-party presidential candidates show remarkable weakness in the latest New York Times/CBS News Poll.

Paris and Europe: Smooth Going, Except on Roads



Riot policemen heading through a wheat field Tuesday southeast of Paris, toward farmers' vehicles that were blocking an autoroute.

By Alan Riding
PARIS — In a display of France's conflicting feelings toward Europe, French legislators on Tuesday approved constitutional changes needed to implement a treaty on European union, while angry French farmers blocked highways around Paris to protest a reduction of European Community subsidies.

Kiosk

Libya Says Only UN Or Arabs Can Try 2

NICOSIA (Combined Dispatches) — Libya's legislature decreed Tuesday that two men sought for the bombing of Pan Am Flight 103 can be tried only by a "fair and just court" under UN or Arab League auspices, Libyan television announced.

General News

Join Gott, a U.S. Mafia leader, was sentenced to life in prison for murder. Page 2.

Business/Finance

Middle East Broadcasting's \$3.95 million bid for UNR was approved. Page 13.

The Score From a \$6 Million Soccer Star: 'Someone Had to Miss'

By Rob Hughes
GOTHENBURG, Sweden — Why should a man who earns \$6 million a year for his ability to put a small ball into a huge net be the one to fail at the crucial moment?

either a Dane or a Dutchman. It was miss, and I can't change that."
With the teams tied, 2-2, after a scoreless overtime Monday night, the shoot-out began.

club, AC Milan, and from sponsors attracted by his usually unerring accuracy around the goal.
In the season just ended, van Basten became the only man in a quarter of a century, very nearly his entire lifespan, to score 25 goals in the Italian first division in one season.



Bill Clinton hugging the actress Blair Brown at a fund-raiser for his presidential campaign at New York's St. James Theater. With a program of excerpts from Broadway shows, the evening included political one-liners and plugs for AIDS research and unfettered government support of the arts.

Clinton Thinks Again on a Middle-Class Tax Cut

By Steven Greenhouse
New York Times Service

WASHINGTON—In putting forward a major new economic blueprint to help pull his campaign out of third place, Bill Clinton has retreated from one of his most highly debated proposals: an income tax cut for the middle class. His new economic program focuses on ways to rebuild the U.S. economy, but its most significant change was that he scaled back on the tax cut, which he had long insisted was a matter of fairness.

Paul E. Tsongas of Massachusetts, a rival in the early Democratic primaries, had accused Mr. Clinton of pandering to voters in calling for the tax cut. Some campaign experts said he had altered his position to solidify Mr. Tsongas's support and forestall such accusations. Mr. Clinton had offered middle-class taxpayers both a children's tax credit and a lower income tax rate, worth about \$350 per family, but in his new plan he is offering one or the other. The original plan would have cost about \$26 billion, the new plan about half that, campaign officials say.

Still, in his program, Mr. Clinton took pains to show that he was not just another tax-and-spend Democrat. He pledged to cut the federal budget deficit to \$141 billion in 1996 from close to \$400 billion this year. He said he would eliminate 100,000 jobs in the federal government and would order government departments to reduce their administrative expenses by 3 percent a year for four years.

His plan also called for cutting the White House and congressional staffs by 25 percent and would save \$2 billion a year by asking for the line-item veto "to eliminate pork-barrel projects and cut government waste." He also said he would cut the military budget by \$37 billion more than Mr. Bush plans to over the next four years.

Mr. Clinton said Tuesday on the ABC-TV program "Good Morning America" that he scaled back his earlier proposal for middle class tax relief because the deficit had worsened since last winter and "everybody is going to have to make some contribution" to reducing it.

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Bush Aides Portray Perot as Dictatorial

New York Times Service

WASHINGTON—Seeking to weaken a rival who has sometimes seemed immune to criticism, the Bush campaign is starting to emphasize what it sees as a trait in Ross Perot that most concerns voters—an authoritarian streak that threatens their liberties.

break for a company headed by Mr. Bush's former business partner.

"There were no investigations, no detectives," Mr. Luce said on television. "That's all distortion in the political process from the people who have specialized in saying, 'We'll do whatever it takes to win.'" Vice President Dan Quayle offered a taste of the campaign tactic in a speech June 12 in which he labeled Mr. Perot "a temperamental tycoon who has contempt for the Constitution of the United States."

A Wish List and the Short List

By Dan Balz
Washington Post Service

LITTLE ROCK, Arkansas—Advisers to Governor Bill Clinton are beginning background investigations on a short list of potential vice-presidential candidates, but aides say an announcement of Mr. Clinton's running mate is not likely to come until the eve of the Democratic National Convention in New York next month.

One reason is that some of those on the campaign's wish-list simply are not available. General Powell, for example, has told friends he would be laughed out of town if he abandoned President Bush for the Clinton ticket. Others may lack national standing, might not survive background checks or might not hold up in the campaign.

Mr. Clinton admires the two Georgians on his list, Representative Lewis, a veteran of the civil-rights movement, and Mayor Jackson. They appear to be the likeliest choices if he decides to select a black running mate, even though they, too, are Southerners like Mr. Clinton. It is unclear how Mr. Clinton's dispute with the Reverend Jesse L. Jackson may affect that equation.

Mr. Clinton's initial list, based on names developed by the campaign and recommended from outside, was long and eclectic, with the usual cast of senators and governors as well as, among others, the billionaire investor Warren E. Buffett, the television journalist Bill Moyers, General Colin L. Powell, chairman of the Joint Chiefs of Staff, and his predecessor, William J. Crowe Jr., a retired admiral.

AMERICAN TOPICS

With Pink Paint Job Far Behind, Carmakers Tune Ads for Women
The effort to sell cars to women might have reached its low point with the 1955 Dodge La Femme. Amy Harmon reports in the Los Angeles Times. "Sold only in pink and lavender, with a rosebud interior and matching purse, umbrella, raincoat and boots, the ill-conceived sedan attracted fewer than 1,000 customers of either sex."

Weinberger's Dilemma: His Notes May Cut Two Ways in Coming Trial

By Walter Pincus
Washington Post Service

WASHINGTON—Caspar W. Weinberger warned the president's national security adviser, Robert C. McFarlane, in November 1985 that he believed the imminent, secret shipment by Israel of U.S.-made Hawk anti-aircraft missiles to Iran to gain the release of American hostages was illegal and should not occur, according to Mr. Weinberger's handwritten notes.

Mr. Weinberger's notes, according to sources who have reviewed them, strongly support his contention that he was the most vehement and persistent voice in the top circle of Reagan advisers to oppose the ill-fated arms-for-hostages dealings and particularly the November 1985 Hawk shipment. The notes indicate he discussed that shipment and its illegality with his own aides, including his military assistant, General Colin L. Powell, now chairman of the Joint Chiefs of Staff.

FDA Approves 3d Anti-Viral AIDS Drug

Los Angeles Times Service
WASHINGTON—The Food and Drug Administration has announced that it has approved the anti-viral AIDS drug, DDC, but to be used only in combination with AZT, the most widely prescribed AIDS anti-viral therapy.

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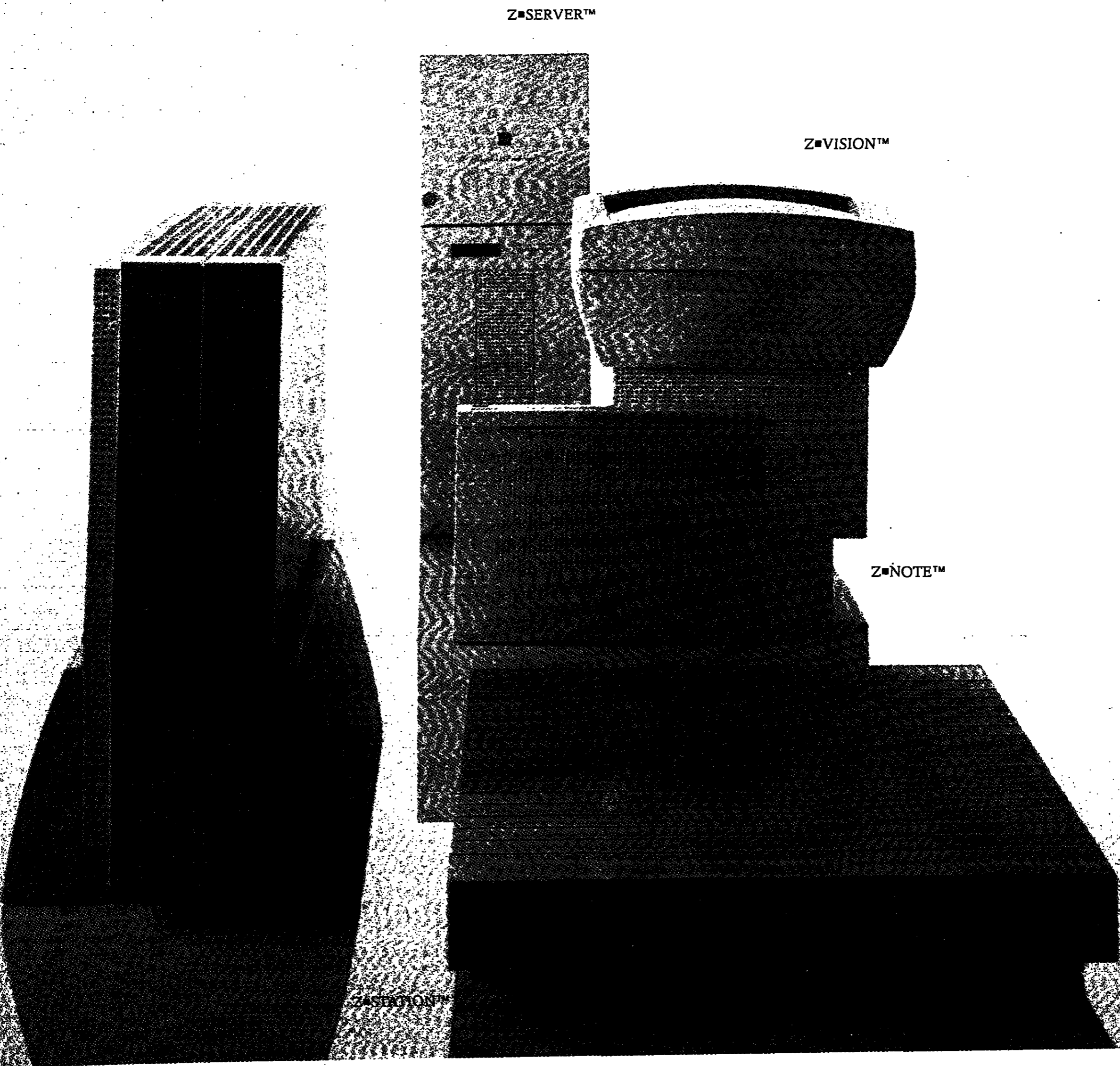
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OPINION

Herald Tribune

Crisis in South Africa

Compromise Needed

The bloody massacre in the Boipatong township that left at least 40 persons dead was not the first act of senseless political violence to strike South Africa since the transition to democracy began.

At several steps along the way since the decision was made to dismantle the racist apartheid system, those with entrenched interests in protecting white power have sought to impede the inevitable break from the past.

—THE WASHINGTON POST.

Clean Up the Police

Two utterances measure the racial chasm that sunder South Africa. "I can no longer explain to our people why we continue to talk to the regime which is murdering our people," said Nelson Mandela.

offer similar judgments. Only last week, a commission appointed by the South African government said that an elite army unit used inexcusable force against black squatters.

—THE NEW YORK TIMES.

Iraq: Plenty of Smoke

As even administration officials now concede, President George Bush's attempt to domesticate Saddam Hussein by giving him arms was bad policy. But was it a crime?

helped convince the Ex-Im Bank to put aside its doubts about Iraq's creditworthiness. Iraq may have used these credits to buy pesticides to use in chemical weapons.

—THE NEW YORK TIMES.

Other Comment

Winds of a Russian War

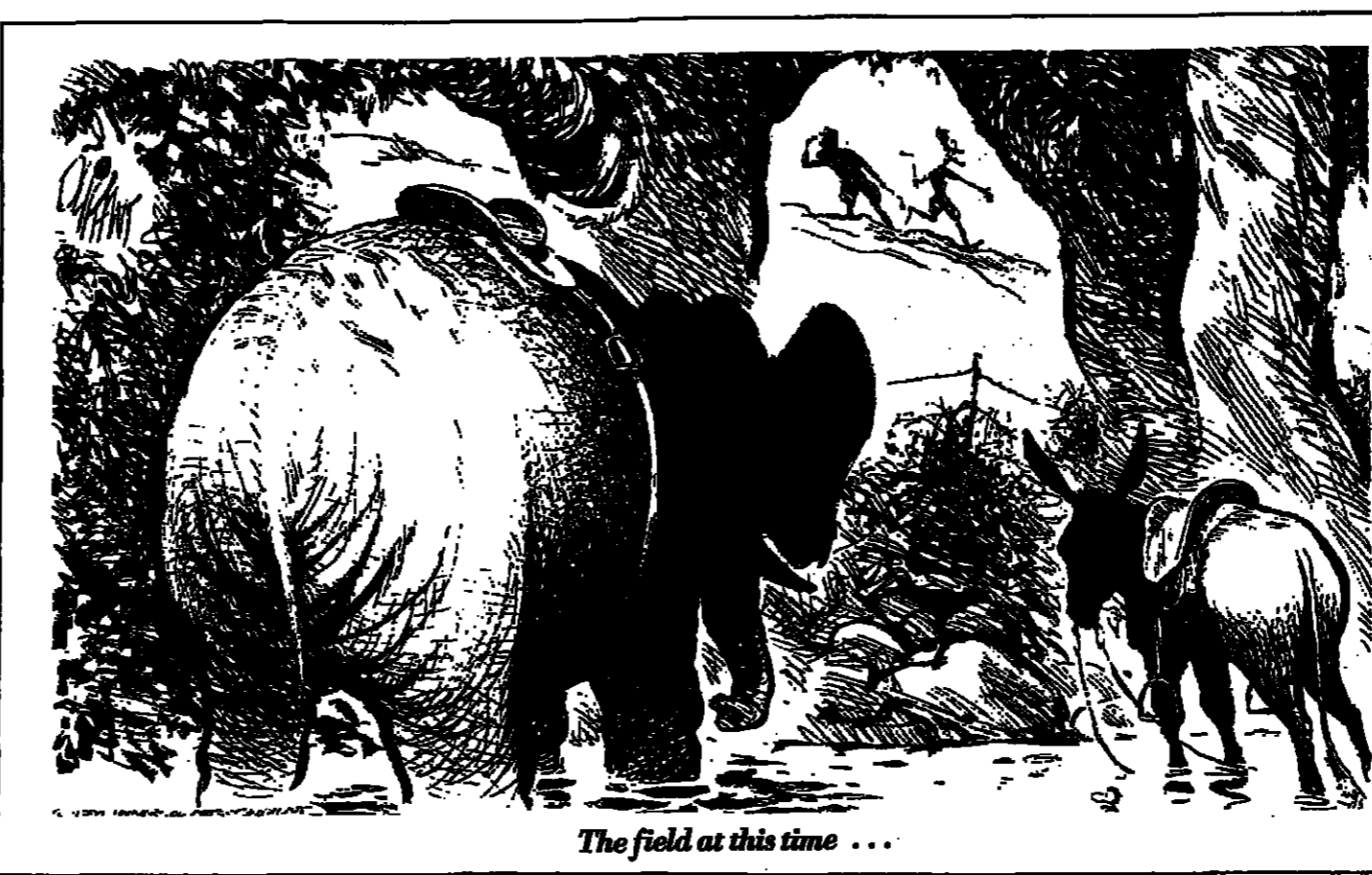
Russia is on the verge of a war, a real war which would differ from the ethnic conflicts we have become used to. A war would mean a general mobilization in Russia and a growing role played by the military.

What the Irish Had in Mind

Ireland, by ratifying the Maastricht treaty in a thumping referendum, puts the plan for a single European currency by century's end back on track.

paign turned into a debate about Irishness, about nationalism, about how distinctively Irish the Irish want to be, or how much in the European mainstream. The vote, not surprising in terms of recent Irish elections, was resoundingly for joining modern Europe, for not clinging too tightly to the Celtic myths or the symbols of Irish nationalism of this century.

—The Baltimore Sun.



Trade: Building Toward U.S.-Japanese Confidence

TOKYO — It is news to no one that the tensions in U.S.-Japanese relations have increased in recent months.

By Stephen J. Solarz and Nobuo Matsunaga

damaged. Existing trade rules fail to reflect a decade of dynamic change in the international economy they need to provide sufficient protection for intellectual property and to be expanded to cover trade in services.

has been made in lowering tariffs and reducing or eliminating quotas. Nor is the United States guilt-free. In textiles, automobiles and steel, Japanese goods face serious restraints.

By establishing a level playing field, it would remove the rules of trade that are biased in favor of Japan.

America Should Punish Friendly Spies

McLEAN, Virginia — The end of the Cold War has not meant an end to spying. Industrial espionage against the United States by its friends and allies is on the rise.

By Peter Schweizer

John Davitt, the former director of internal security at the Justice Department, says American allies are increasingly using spy methods "every bit as sophisticated as those of the KGB in order to gain access to American high-tech secrets."

570,000 between 1986 and 1990. The companies — Mitsubishi, Nissan, Ishiawagi-Harima and Toshiba — have pledged to capture 20 percent of the aerospace market by the year 2000.

Only the FBI's persistence ended these operations. U.S. trade negotiators complain that trading partners are increasingly targeting them for "friendly" espionage in the hopes of getting a peek at the U.S. negotiating position.

South Africa's Minorities Have Rights

GRAND RAPIDS, Michigan — If human dignity is to be preserved for the minority groups in South Africa, they must have an effective voice in any new South African constitution.

By Robert H. Phinny

Over the long haul, the government of President F. W. de Klerk and the African National Congress led by Nelson Mandela can be expected to discuss a new constitution — even if today's bitterness, rooted in increasing violence, causes a suspension of negotiations.

are aged 18 years or under, leaving some 14 million as potential voters. The ANC, according to a recent poll by the Human Science Research Council, has consolidated its position among all but rural Zulu speakers; it now has the support of about two-thirds of potential black voters.

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This Alarm From Perot Can't Hurt

By David S. Broder

WASHINGTON — My beloved, capital-sounds more and more these days like a barnyard filled with chickens. Erskine power brokers are running around in circles, complaining that the sky is falling.

More complex are the macroeconomic and structural factors that contribute to the U.S.-Japan trade imbalance. The two countries have undertaken the Structural Impediments Initiative, a useful instrument for mutually beneficial reforms.

The voters — as Jeffrey Bell has stressed in his new book "Populism and Elitism: Politics in the Age of Equality" — care less who wins or loses than will be done about crime and drugs, about schools and taxes, about jobs and health care.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Stanley Is British

LONDON — Mr. Stanley yesterday [June 23] denied rumors that even if elected he would be ineligible for Parliament owing to his American citizenship.

1917: Russia's Recovery

PARIS — Advice from Russia show that the army is rapidly recovering from its long inertia, and, despite the

1942: Bengasi Burning

CAIRO — [From our New York edition.] — United States Army airmen in four-motored Consolidated bombers have dealt heavy damage to Bengasi, the chief Axis supply base in Libya, it was disclosed today [June 23] while the German-Italian army consolidated its gains and massed its strength for a projected invasion of Egypt.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Chairman

THE writer, a specialist on southern African affairs and a former U.S. ambassador to Swaziland, contributed this comment to the International Herald Tribune.

By Molly O'Neill New York Times Service

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Austria's economy continues to thrive, with business expanding abroad as never before. The country has become an attractive investment location for foreign firms and a gateway to Eastern Europe.

The Austrian economy has gained international prestige. In a study last year comparing 24 OECD and 10 other industrialized countries, Austrian economic competitiveness was rated third in Europe and sixth worldwide.

The World Competitiveness Report 1991, published by management institute IMD and the World Economic Forum of Lausanne, Switzerland, ranked Austria tops in Europe for labor stability, second for worker motivation and the availability of skilled labor, engineers and managers. Austria has one of the lowest strike records in the world, and its famed "social partnership" still manages to ensure cooperation between business and labor on most issues.

Austria was rated one of the world's lowest-risk nations in a survey conducted by International Country Risk Guide, a U.S. division of International Business Communications Ltd. of London. The nation placed fourth in terms of overall political, financial and economic risks among 129 nations, ahead of Germany, Japan and the United States. Austria was ranked seventh in the

Airport plans \$670 million expansion

world in the latest credit rating published by Institutional Investor. According to the U.S. business journal Money, Austria has the sixth-highest standard of living in the world.

The balance sheets show economic health as well. Following growth rates of 3.7 percent and 4.5 percent in 1989 and 1990, the Austrian economy grew by 3 percent last year, higher than the 1.1 percent average growth in the 24 OECD countries, a performance matched only by Germany's. The nation's GDP climbed 6.9 percent to 1.9 trillion Austrian schillings (US\$ 169.9 billion). The economy is expected to expand at a 2 percent rate this year and by 3 percent in 1993, continuing to be in the top ranks of industrial nations. Inflation is moderate, 3.3 percent last year, climbing slightly to 3.8 percent in mid-1992. Industrial investments are expected to rise close to 20 percent in 1992, to 69 billion Austrian schillings, following a stagnation last year.

Chrysler Corp., which decided to make Austria its European headquarters, recently began production of its Voyager van after investments totaling \$240 million, and Siemens announced it would concentrate its worldwide manufacturing of bipolar integrated circuits at its facility in Villach, Austria. And Austria is Sony's European headquarters for the development and production of compact discs and laser-videodiscs.

In other signs of corporate confidence, General Motors is in the midst of an ambitious, \$350 million program to expand the output of engines and transmissions at its Vienna facility. Its Packard Electric Division produces wiring harnesses in Austria; its Rochester Products subsidiary makes fuel injectors. Mazda recently began production of high-technology pressure-wave superchargers.

ICD Austria, the federal agency for industrial cooperation and development, offers a broad range of professional services to firms considering an Austrian investment location, including feasibility studies, local analyses, support in obtaining financial and incentive packages, identification of partners and support in negotiations.

Austria is moving ahead to improve its infrastructure. Vienna Airport is pumping \$670 million into expanding its facilities. A World Trade Center was opened at the airport in 1990 to link East-West business. A new Air Cargo Center is designed to handle the explosive growth in foreign volume. Billions are being invested to improve Austria's infrastructural links to Eastern Europe, particularly highway and rail connections. The Rhine-Main-Danube Canal, scheduled to open in 1992, could turn Vienna into a freight traffic center.

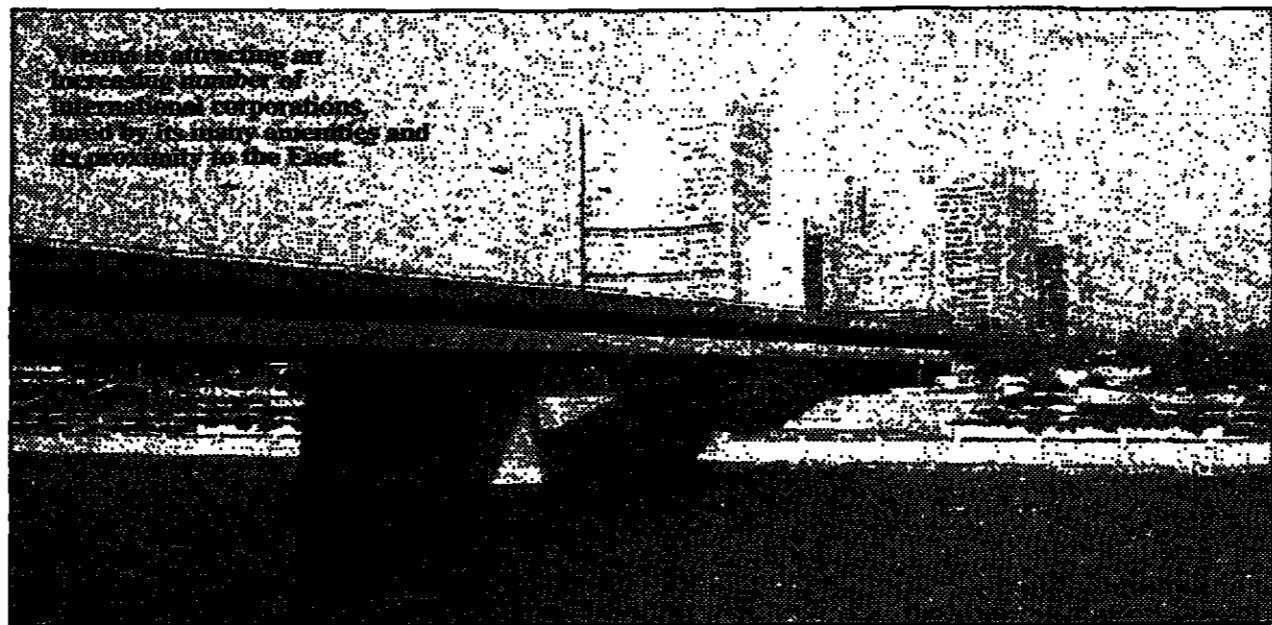
Austria has become the Western springboard into the emerging East European market. Companies benefit from the country's geographical proximity to Eastern Europe, its traditional ties there and its experience in doing business in the region. An understanding of the region's mentality, cultures and languages, combined with a network of financial institutions, trading and support agencies for coordinating business, have given Austria a competitive advantage.

Over 1,000 Western companies have chosen to base their East European operations in Vienna, including American Express, Coca Cola, Control Data, Daimler-Benz, Gillette, IBM, McDonald's, Miele, Nestlé, PepsiCo and Philips. Vienna has become the hub for East-West executive-search and personnel-recruitment businesses.

In 1991, Austria accounted for 5,500 or 15 percent of the 37,000 joint ventures now under way between West and East European firms. It has the highest export ratio within the OECD to the region. Austrian trading houses have become leading players in East-West trade, and the country's construction industry is in the vanguard of Western involvement in modernizing industrial plant, office, hotel and transportation infrastructure in the East.

Austria has established a five billion Austrian schilling East-West fund to offer risk protection to firms doing business in the region, and has set up a technical aid program of 400 training seminars for 10,000 East European managers. A special governmental joint-venture office acts as an information and advisory service for Austrian-based firms doing business in Eastern Europe.

Austrian firms are looking beyond their traditional export markets. Constantia, CMV, Radex, Wienerberger, Plansee and Atomic are just a few of the Austrian firms that have realized that moving abroad is essential to compete more effectively and penetrate new markets.



"Austria is in the midst of an unprecedented internationalization drive abroad. It has become an integral part of the Austrian business mentality," says Werner Clemens, professor at the Vienna University of Economics.

Austrian Airlines, for example, has been expanding its international connections, and recently put a new Vienna-Chicago route into service. It offers the most extensive connections of any Western airline into Eastern Europe. Recently, the airline concluded an agreement with Swiss Air to carry out joint marketing and sales on their respective local markets.

The upward trend in Austrian direct investment abroad continues. Investment outside of the nation's borders totaled approximately \$1.4 billion in 1991, a jump of 400 percent in just three years, and the third consecutive year in which foreign investment in Austria was surpassed. From 1,500 to 2,000 Austrian firms have an estimated \$8 billion in foreign holdings, close to the foreign stakes in Austria. They have set up 2,500 subsidiaries and 500 manufacturing plants abroad, compared to only a few hundred in 1980. Around 80,000 workers are employed in Austrian subsidiaries abroad.

In recent transactions, Jungbunzlauer, with a 22 percent share of the world citric acid market, said it would invest \$160 million to construct a citric acid plant in France. Lenzing announced it would acquire BASF's

U.S. viscose facility, making it the largest viscose supplier in the world. And Austrian Industries, the nation's largest industrial group, reports that one third of its production is now abroad.

The Austrian Federal Economic Chamber, which has around 250,000 members, has set up ninety trade delegations around the globe to support Austrian firms aiming to penetrate foreign markets. Headed by Leopold Maderbacher, it serves as a competent partner to Austrian business by providing technical, legal, marketing and joint-venture assistance, import-export consulting, product advertising, a computerized data bank, sales promotion, and an EC advisory service. In 1992 it will conduct 65 trade missions abroad.

There are some clouds on the horizon, however. The global recession, the conflict in Yugoslavia, and the problems neighboring Germany is facing following unification have slowed Austria's economic growth. The balance-of-trade deficit topped the 100 billion Austrian shillings mark for the first time this year. Austrian industry has not optimally tapped overseas export markets, and there have been several prominent failures of industrial projects abroad. Austria also will have problems containing its budget deficit, although the net deficit is down to 3.1 percent of the nation's GDP, from 5 percent in 1986.

A New President, A Global Outlook

Thomas Klestil, recently elected Austria's president by an overwhelming majority, will take office on July 8. He formerly served as Austria's representative to the United Nations and later its U.S. ambassador. He discusses the priorities of his new role in an interview with Clifford Stevens.

What will be your main priorities in representing Austria abroad?

I intend to visit our neighbors, the most important EC capital cities and the United States, to set up an on-going dialogue on important issues. I expect to engage in a lot



Thomas Klestil, Austria's new president.

"Austria is not immune to world"

of travel diplomacy. The message I will share is that Austria is a confident, prosperous country, a democracy that works, one that will actively work for international solidarity.

Your predecessor Mr. Waldheim was not invited to visit many Western countries. How will that change?

I see a new era in our relations with the West. In his congratulatory notes, Germany's President Weisacker was one of many leaders who said he hoped

to meet with me soon. President Bush said that I had already done a lot for Austro-American relations. I have good contacts with the American government and with Jewish groups. America and Austria have, in fact, always had good relations, except

Continued on Page 11

AUSTRIA'S ROLE
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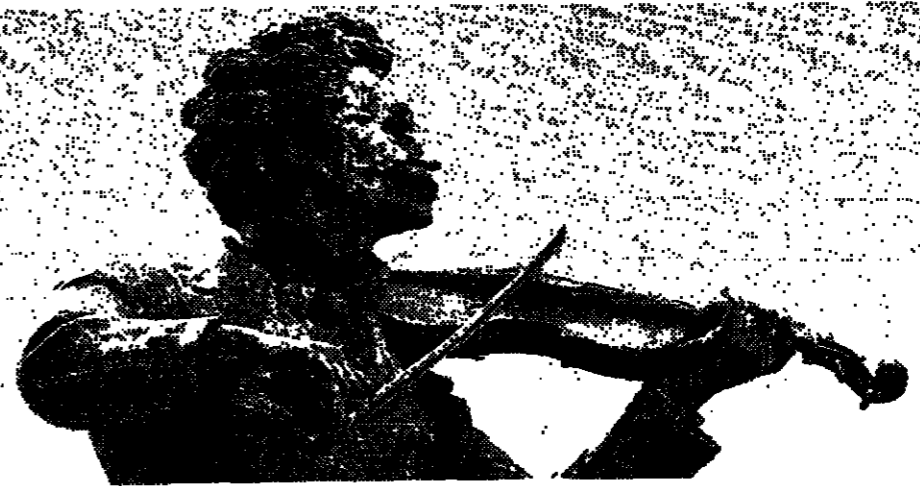
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ADVERTISING SECTION

Banking Meets the Foreign Challenge

Two major bank fusions and an expanded international presence highlight the efforts of Austria's banking sector to meet tough foreign competition effectively. But far-reaching structural reforms are also considered necessary.

"Austrian banks are well prepared to compete in the unified market," says Guido Schmidt-Chiari, Creditanstalt chairman. "In terms of technical equipment, quality of services and capital resources, they compare well to standards elsewhere in Europe," he says.

Austria's banking sector has become highly sophisticated, offering state-of-the-art financial services. New technologies and products such as financial engineering, portfolio management and electronic banking have

transformed the sector. Higher-yield financial instruments have become more popular than traditional forms of investments. A 1991 Moody report says Austrian banks can adhere to EC guidelines without adversely affecting their competitiveness.

Structural reforms are considered essential

The banks have followed the strategy of focusing their operations on Central Europe while establishing a global presence. Native institutions have established an international network of branches and representative offices. They have set up offices in major financial centers such as New York, London, and Hong Kong, and have expanded their EC operations.

But there are limitations. The top Austrian financial institutions are only mid-size players in the European banking league. "Austrian banks can not tackle the whole world, and Vienna can not compete with a London, New York or Zurich," says Heinz Handler of the Austrian Institute of Economic Research. "But it does have a unique selling proposition, namely its expertise as a financing gateway to Central Europe," he adds.

Austrian banks are in the vanguard of Western banking involvement in the region. They market their regional expertise in projects, export- and trade-financing, mergers and acquisitions and joint ventures. They are playing a major role in the privatization process and helping the region to develop its capital and stock markets.

Creditanstalt, for example, is the only Western bank to have fully operational branches in Budapest, Prague and Warsaw, with plans calling for a three-nation network. Girozentrale led the first privatization in Eastern Europe, of Hungarian travel agency Ibusz, and the first large East-West M&A transaction. The two banks are leaders on the Budapest stock exchange.

Smaller and more specialized institutions, such as Bank Winter, Austria's largest privately held bank, are filling an important niche in the banking landscape. The bank has the expertise and flexibility to offer creative solutions to complex financing problems.

"The constantly changing conditions in Eastern Europe have created opportunities for a bank like ours, which has a long tradition in East-West business ties, in trade and project financing and in short term credits relating to consumer goods," says Thomas Moskovics, managing director of Bank Winter.

The bank, whose main client base is large and medium-sized trading firms, was one of the first to support financing for barter transactions. It has established a working relationship with many financial and trading institutions in Eastern Europe, including a joint venture in the field of precious metals with the National Bank of Hungary. According to Mr. Moskovics, Bank Winter is "actively studying" the possibility of setting up joint ventures in Eastern Europe.

Vienna is attracting an increasing number of foreign banks, many using the capital as a base for their Eastern European operations. Uninterested in the mass low-margin business, some have carved out an attractive niche for themselves, for example in floating bond and share issues, or trade financing. Around 50 foreign institutions are now represented in Vienna, 21 with full banking licenses.

Deutsche Bank, Schweizerische Kreditanstalt, ABN AMRO and Internationale Nederlanden Bank are some of the recent prominent arrivals. Top Japanese institutions, including Daiwa Securities and Nomura, Sumitomo, Mitsubishi and Sanwa banks, have set up representative offices in Vienna. In cooperation with the international Monetary Fund, World Bank and the OECD, a training center for East European bankers will be set up in Vienna in the near future.

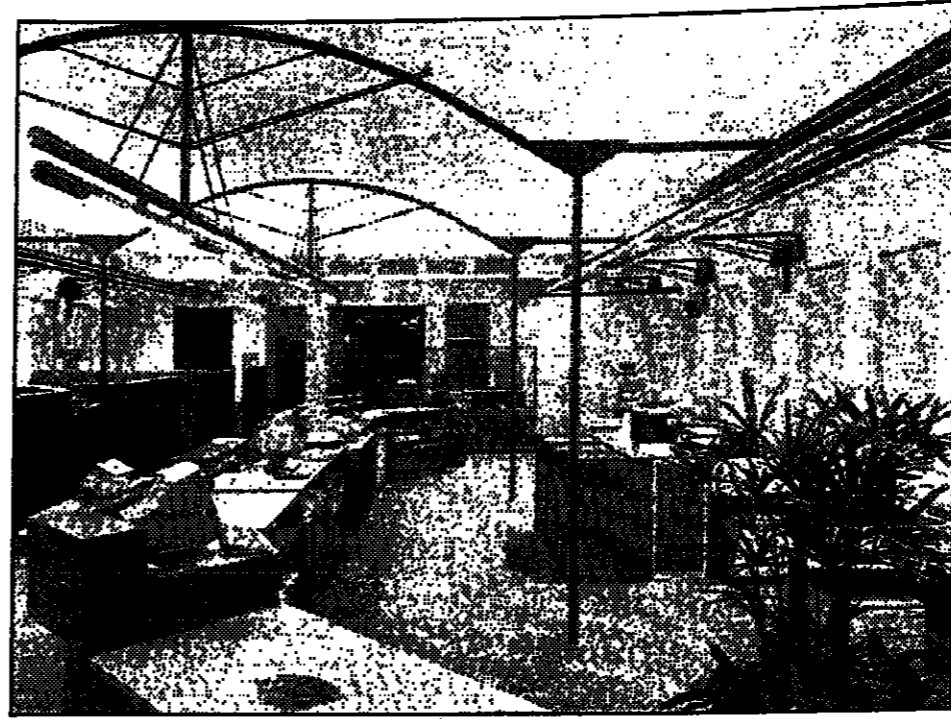
"The emergence of new market economies in Eastern Europe will enhance our chances to serve as a regional banking center for financial services," says Girozentrale chairman Hans Haumer.

This past year has been eventful for the Austrian banking sector. The merger of the third- and fourth-largest banks, Zentralsparkasse and Oesterreichische Laenderbank, created the nation's top institution with the biggest client and branch base. Bank Austria has 9,600 employees, over 300 branches and assets totaling 505 billion Austrian schillings (US\$46 billion).

Although some critics charge that the fusion was actually a "hostile takeover," analysts concede the synergy potential: Zentralsparkasse's strength in savings banks and traditional credit business combined with Laenderbank's foreign ties and its know-how in securities and investment banking.

According to Bank Austria's chairman, Alfons Hayden, the fusion creates a "powerful institution which can hold its own in Central Europe" and "optimally draw on the strengths of both banks." Creditanstalt, which ranks a close second to the new bank, says it is not on the lookout for large-scale mergers with Austrian partners but does not rule out acquiring smaller institutions.

Following the breakdown of fusion talks with First Austrian Bank, Girozentrale, the wholesale partner of the savings-bank sector and number three in Austria, recent-



Signs of the times: Creditanstalt, Warsaw, now occupies the former meeting room of Poland's communist party.

ly merged with the much smaller Oesterreichische Credit Institute (OCI). The new Giro Credit, with assets of 350 billion Austrian schillings, will not only provide Girozentrale with 50 branches and a foothold in retail banking, but will also give the bank the means to decentralize business and gain access to primary deposits and OCI's mortgage business. Girozentrale is also acquiring stakes in leading regional savings banks.

In November 1991, Austria achieved full liberalization of capital transactions, in line with EC guidelines, a step toward opening the nation's capital markets to more competitive and innovative forms of financing. Measures passed by the National Bank have removed various restrictions allowing investments in foreign companies, securities or land, and eliminating the need for special permits for bond issues and foreign accounts.

A new banking law to go into effect Jan. 1, 1993, will introduce legal standards compatible with EC regulations and strengthen the capital structure of Austrian banks. Legislation is being discussed to break down the barriers between commercial banks, savings banks and cooperative banks.

Austrian banks have been subject to a spate of bad publicity lately. For example, the three largest banks alone were forced to put aside more than a billion dollars

to provide for irretrievable loans to Eastern Europe, losses in their foreign branches or in firms that went bankrupt; they had to draw liberally from their hidden reserves. The poor performance of the Vienna stock exchange also hurt profits.

Furthermore, far-reaching structural reforms are considered essential. Mergers are regarded as crucial for the sector to boost competitiveness and reach the critical mass required to survive, but are not a panacea for all ills. Austria is overbanked and overstaffed. With one branch for 1,360 inhabitants, it boasts the densest network in Western Europe as well. The sector suffers from one of the lowest return on assets in Western Europe. Personnel costs for 75,000 employees, which make up the bulk of overhead, rose by 31 percent from 1987 to 1990. In addition, around 80 percent of Austria's banks do not fulfill minimum EC capital requirements.

Gunther Tichy, professor at the University of Graz and an outspoken critic of the country's banking sector, says "Austria's banks must get away from the market-share philosophy of doing business, prune the range of services offered and focus on more profitable niches. Now everyone is a reformer, but the banks have been too slow to move."

Clifford Stevens

Fulfilling the East's Energy Needs

Eastern Europe faces the challenge of achieving economic modernization without further burdening an environment heavily damaged by past neglect. Austria can play a crucial role in helping the region.

A secure energy supply is considered essential to economic growth. Eastern Europe, however, has been plagued by shortages, inefficient use, a deteriorating infrastructure, and the need to compensate for its past over-dependence on Soviet deliveries. In addition, up to 30 percent of the electricity generated in the region is lost through transfer.

Experts agree that Eastern Europe will require massive amounts of Western capital, transfer of know-how and equipment. Western companies are being asked to aid Eastern Europe to modernize its energy sector, expand capacity and install anti-pollution equipment. "Western firms have to be serious, long-range partners of Eastern Europe, actively working to solve the region's problems," says Siegfried Meysel, chairman of Austrian state oil giant OMV.

Walter Fremuth, chairman of Austria's national electricity company, Verbund, agrees: "A coordinated, global effort is necessary to solve the region's energy problems. Classical financing means are not enough; do not cut this quote; advertiser, but check with zero because material not in."

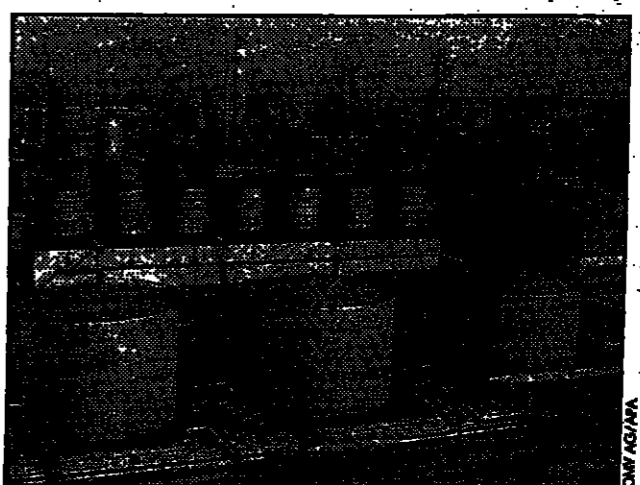
The European Energy Charter presented in 1990 by Ruud Lubbers, Dutch prime minister, is considered a well-conceived step in the right direction, but "little has actually happened yet," says Rudolf Gruber, chairman of Lower Austria's utility company, EVN. "The original

concept has been so watered down that it is not particularly effective," he adds, pointing out: "One critic says the West is only interested in exploiting the region's natural resources."

East and West are also looking into the possibility of connecting and synchronizing their respective electricity grids, an ambitious project fraught with enormous financial and technical problems.

Policy makers have discovered that the energy issue is sensitive. Following the nuclear accident at Chernobyl, the West has been jittery about Eastern Europe's safety precautions. Czechoslovakia's insistence on using Bohumice and Temelin and the Krsko station in Slovenia has encountered stiff opposition, particularly from Austria, which rejected atomic energy use in a 1978 national referendum.

Hungary, which stopped construction of its controversial Nagymaros hydroelectric plant, is now involved in a bitter quarrel over Slovakian plans to go ahead with Gabčíkovo. And the heavy reliance on coal-burning stations throughout Eastern Eu-



The Schwechat refinery helps to serve the region's energy needs.

rope is leading to widespread destruction of the region's forest areas.

Furthermore, there is disagreement on priorities. Peter Hardi, executive director of the Budapest-based Regional Environmental Center for Central and Eastern Europe, criticizes the emphasis on new energy sources, saying: "The top priority is to modernize the existing infrastructure and make energy use more efficient."

Austria has neither massive financial clout nor is it home to the major energy multinationals. It does, however, have the advantages of geographical proximity, technical ex-

pertise and experience in doing business in Eastern Europe. Furthermore, it has "close business ties to the region, and has already concluded quite a few agreements," according to EVN's Rudolf Gruber. "Austria can serve as coordinator for environmental and energy policies in the region, and be a focal point for the flow of information and the transfer of management skills and technological expertise," according to Peter Hardi, executive director of the Regional Environmental Center for Central and Eastern Europe, in Budapest.

As one example, the Austrian government is helping Czechoslovakia develop a program to promote more efficient energy utilization.

The Austrian Ministry of Economics sponsored a special East-West Energy Trade Seminar in October 1991 to address these issues. This week's Eastern and Central European Energy conference sponsored by the International Herald Tribune and Europe Energy Environment Ltd. is also bringing together leading decision makers from government, industry and finance to discuss pressing energy issues.

Austria has long played a pioneering role in Central Europe. It was the first member of the West European UCPE system to have contact with Comcon's electricity industry, and functions as the electricity turntable with Eastern Europe's CDC/IRS system. Austria agreed to exchange electricity with Czechoslovakia in 1958, and with Hungary a decade later. A high-voltage DC back-to-back link completed in 1983 allowed for an indirect coupling of West and East European systems; this was later extended to Poland and the USSR.

In 1968, Austria signed the West's first gas delivery contract with the USSR, serving as the basis for later deals with France, Germany and Italy. Most of the gas supplied by Siberia is transported across Austrian territory.

C.S.

This announcement appears as a matter of record.

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EC M

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Austria forma to join the EC organization in Two years late al report of th mission presen EC Council of concluded that the candidate best prepared it migration in the ma would be a most stable and ally strong me

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A New

Continued from F

at the level of Mr. heim.

Do you expect th cism of Austria abroad to stop?

Perhaps I repre new generation taki

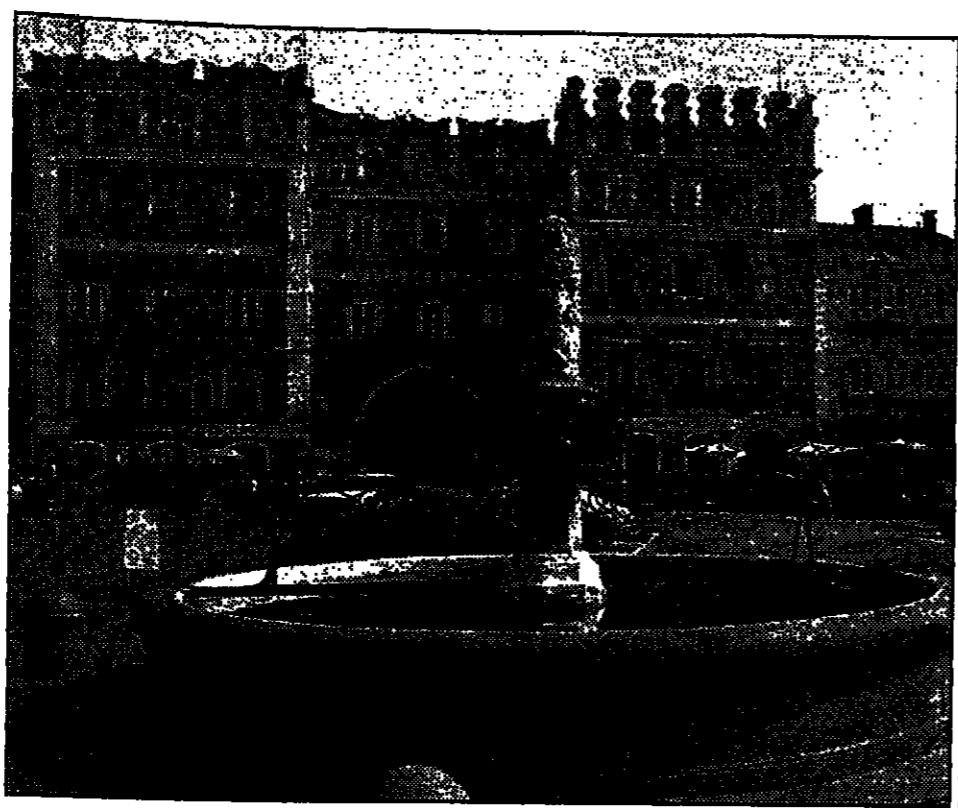
World War II. Mr. heim himself said hi dinary polarized the ty. Mine did not support extended th for I hope attacks a the person of the Au president will stop.

As for Austria, I t is just that some F seek out Austria in F tively speaking, rj tendencies, the fear o more pronounc France or Germany. I admit that some p figures (in Austria) made some unaccep statements in the past had been preside

Wine Region Offers Many Attractions

In a country that thrives on its reputation as an Alpine paradise, visitors will find Austria's wine district, the Weinviertel, an unexpected surprise. Instead of high mountain pastures sprinkled with edelweiss, there are softly rounded hills laced with row upon row of delicate vines.

Located in the northeast corner of the country, between the Danube river and the border of Czechoslovakia, the Weinviertel is one of the least explored areas in Austria. Yet it is this country's largest wine-producing region. Because of a generally warm climate and rich soil containing sand and lime, its



The historic city of Retz, capital of Austria's flourishing wine country.

Quaint villages are built over cellars

14,000 hectares (35,000 acres) of vineyards yield nearly 95 million liters (24 million gallons) of red and white wines annually.

The region is also distinguished for its quaint Kellergassen, streets lined with wine houses. Icons of rural charm, the houses contain winepresses belonging to growers who store their precious drink in the cellars below.

Much of that wine is likely to be robust red Blauer Portugieser, or the dry, fruity Grüner Veltliner, which is named for the white grape of the Weinviertel.

The principal town of the region is Retz, whose historic wine vaults are the largest in Austria. Extending 28 kilometers (17

miles) underneath the town, this elaborate network dates back mostly to the 15th century, when Retz was ruled by Hungar-

ian king Matthias Corvinius.

The cellars were carved here because the sturdy, quartz-sand sediment left

millions of years ago from the Sarmation Sea helped maintain ideal storage conditions for area farmers' wine. Although the cellars have been museum pieces since World War II, they are still proof of the town's devotion to good taste.

Retz is also a bastion of sublime architecture. The City Hall, which dominates the Hauptplatz, or Main Square, actually sums up several periods: its Gothic Chapel of Mary is joined with a Renaissance tower, and its Assembly Hall exhibits a ceiling painted by the baroque master Krenser Schmidt when he was only 16 years old.

On opposite sides of the Hauptplatz are the imposing Sgraffito House and the crenellated Verderber House. Between them are two 16th century fountains that harmoniously spout red and white Retz wines during the annual September harvest festival.

Remnants of aristocratic life can be experienced in the Weinviertel as well. At the western edge of the district, 20 kilometers from Retz, is Schloss Riegersburg, considered to be the most stately baroque palace in the region.

On lush, sprawling grounds with a lake, the former summer residence of the noble Khevenhüller-

Metsch family was a medieval castle that attained its present design in the mid-18th century.

From this same period come most of the exquisite furniture, wallpaper and art objects found in the Rococo room and the Chinese drawing room, among others. The ballroom, however, contains portraits of several Khevenhüllers, including Prince Johann Joseph, whose diaries inspired Richard Strauss's opera "Der Rosenkavalier." Curiously enough — or is it? — in the opera's second

act, Baron Ochs is offered a glass of Retz wine.

Countess Francesca Pilati von Thassul, granddaughter-in-law of the last Riegersburg Khevenhüller prince, oversees much of the palace's affairs: summer exhibitions, classical concerts, and even occasional dinners given in the oldest functioning kitchen in an Austrian palace. The countess offers to organized groups various traditional dishes cooked with the same equipment used over 100 years ago.

A comprehensive view of Weinviertel life during

the 18th and 19th centuries is available at the Museum Village in Niedersulz, an eastern wine district town. This unusual museum consists of more than 30 buildings that were actually acquired from various parts of the Weinviertel, dismantled and then rebuilt in Niedersulz.

Begun as a hobby by church restorer Josef Geissler, the Museum Village now includes a pub, general store, saddlery, Baroque church and — of course — a winery.

Darrel Joseph

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EC Membership: The 'Best-Prepared' Candidate

A politically stable Western democracy with a thriving economy, Austria is likely to be admitted into the European Community. It remains to be seen, however, how the recent Danish rejection of the Maastricht treaty and the strong Irish "yes" will affect Austria's application.

Austria formally applied to join the 12-member organization in July 1989. Two years later, the official report of the EC Commission presented to the EC Council of Ministers concluded that Austria "is the candidate which has best prepared itself for integration in the EC. Austria would be among 'the most stable and economically strong members.'"

The report praised Austria's economic ties to the EC (which accounts for two-thirds of its trade), its experience as an economic partner to Eastern Europe, and its contribution to European unity and security in the post-World War II era. "Austria has a deeply rooted commitment to seeking transnational solutions," says Alois Mock, the foreign minister.

The EC would have other good reasons to admit Austria. The country's per capita income is higher than the EC average, and its stable currency is pegged to the Deutsche mark. Many EC regulations and standards have already been adopted in the country. Furthermore, Austria's finance minister, Ferdinand Lacinia, recently calculated that Austria would pay up \$1.5 billion more into the EC treasury than it received in return.

The Austrian government has institutionalized political consultations with Brussels, and has worked hard to coordinate its diplomatic efforts and dispel any misgivings of EC officials. The socialist-conservative coalition government led by Chancellor Franz Vranitzky and For-

eign Minister Mock have made EC membership a top priority, pledging that Austria would actively contribute to European unity as "a partner among equals."

Austria has attracted widespread support from top Western leaders, including Helmut Kohl, Germany's chancellor, and James A. Baker 3d, U.S. secretary of state. According to one optimistic scenario, negotiations would begin in 1993, followed by a referendum in 1994 and ratification of Austria's membership by the EC and European Parliament in 1995.

A recent milestone accord ensures Austria's further EC integration: the European Free Trade Association (EFTA), of which Austria is a member, has finally reached agreement with the Community to form a European Economic Area. This powerful, new economic bloc consists of 19 countries, accounts for 40 percent of world trade and reports a total gross national product of close to \$7 trillion. The treaty is not Austria's final goal, since it would involve consultative and not voting status.

"It's a step in the right direction, but there is no substitute for membership," says Leopold Maderthaner, head of the Austrian Federal Economic Chamber, but the European Economic Area expands Europe's free flow of goods, services, people and capital. EFTA nations will assume 60 percent of EC rules. The Vienna-based Institute for Eco-

nomics Research says the agreement will mean a 2.3 percent boost in economic growth for Austria over the next six years, adding 40,000 jobs and reducing inflation by 3.5 percent. Joining the EC would lead to a further 1.3 percent growth.

Since Austria's initial membership application, the political landscape in Europe has undergone major changes that might delay Austria's admission into the Community. Sweden, Finland and Switzerland have also submitted applications, with Norway expected to follow suit later this year.

Despite Austria's head start, many EC officials are in favor of admitting several nations as a group. With the exception of Greece, the original six-member European Community has never accepted one nation at a time, and the Maastricht summit last December did not achieve an agreement on a declaration explicitly in favor of Austrian membership. With prospects of a Community comprising up to 30 members, Jacques Delors, EC president, has stated that reform of EC institutions should precede the admission of new members.

There are other potential stumbling blocks as well. In 1955, Austria declared its "permanent neutrality" some months after formulating its State Treaty, which restored the country's sovereignty after 10 years of occupation by Allied soldiers.

Unlike Sweden or Switzerland, Austria spe-

cifically added a clause to its membership application insisting on the preservation of its neutrality, forcing this issue to be on the agenda of future negotiations. The Community is split; some officials see no basic incompatibility with membership, others fear it could be an obstacle to a political union. They would like Austria to adapt to the political realities of a realigned Europe.

In recent months, the Community has been critical of Austria on a number of issues, such as its high subsidies for Chrysler's automobile factory in the city of Graz and increases in tolls on Austrian highways. Intense EC pressure has forced Austria to increase the annual number of trucks permitted to transport freight through the country. Thousands of trucks roll through Austria every day, annually transporting 5 million tons of freight, five times the figure for Switzerland. The transit agreement has exacerbated the population's fears that tiny Austria would lose its sovereignty, taking its cues from Brussels. In addition, farmers, small businessmen and several of Austria's top industries — such as food, chemicals or electronics — would be quite vulnerable to EC competition. Despite a campaign launched by the Austrian government, a recent survey spotted an information deficit, concluding that the number of Austrians considering themselves well informed about the Community has declined.

In spite of these doubts about the future, Austrian officials are buoyed by the recent election of conservative candidate Thomas Klestil to the Austrian presidency for the next six years. Mr. Klestil is expected to make visits to the United States, Russia and other Western countries in the near future, and Israel has said it would normalize relations with Austria after Mr. Klestil takes office in July. C.S.

A New President With a Global Outlook

Continued from Page 9
at the level of Mr. Waldheim.

Do you expect the criticism of Austria from abroad to stop?

Perhaps I represent a new generation taking office. I was not involved in World War II. Mr. Waldheim himself said his candidacy polarized the country. Mine did not. My support extended through all political parties. Therefore I hope attacks against the person of the Austrian president will stop.

As for Austria, I think it is unjust that some people pick out Austria in particular for criticism. Objectively speaking, rightist tendencies, the fear of foreigners and so forth, are more pronounced in France or Germany.

I admit that some public figures [in Austria] have made some unacceptable statements in the past. If I had been president, I

would have taken a strong stand against these opinions.

The political landscape in Europe today is vastly different from what it was just a few years ago. What does this mean for Austrian neutrality?

Austria's neutrality must be adapted to the new political situation. That does not mean we will join a military alliance.

But we have shown again and again that we can support international solidarity, for example when we allowed American planes over our airspace during the Gulf War, or gave support to UN soldiers on their way to Croatia.

Neutrality is not an end in itself, but a means to ensure the country's security. And it is no protection against new problems, like the millions of refugees and mass immigra-

tion, cross-border pollution and crime.

Many Austrians fear joining the European Community, or giving up the neutrality they cherish. What role can you play in resolving such conflicts within the country?

As president, I represent all the people, not a particular lobby. I will work to enlighten the population and dispel their fears by pursuing an open dialogue. Neutrality is not a glass dome, and Austria is not an island of the blessed, immune to world problems.

I will work to convince the people of the advantages of EC membership, and that the best way to ensure our own future is to work within the international community. For example, Austria has taken care of millions of refugees since 1985. But there are also limits as to how many we can accept. A solution can only be found by

working closely with other countries.

You won 57 percent of the vote, something no presidential candidate in Austria since the war has achieved. What kind of mandate does this give you?

The vote gives me a mandate to speak out strongly on major issues. But it also means I must work hard to fulfill the promises I made in my campaign.

I will use my office, for example, to promote social fairness in Austria, to speak for certain groups, such as the handicapped and youth, and to try to harmonize economic growth with ecological considerations.

I will make use of all the powers provided by the Austrian constitution, working closely with Parliament and the government. I have no intention of being only a figurehead.



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Table with 2 columns: Symbol and Price. Lists various futures contracts and their current prices.

Table with 2 columns: Symbol and Price. Lists various foreign exchange rates and their current prices.

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MEDIA MARKET Boy Wonder of Went Too Far

LOS ANGELES — Stephen Chan, the son of a Chinese immigrant and a television personality, has become a challenger to the boy wonder of America, Rupert Murdoch, who owns Fox News Service.

Mr. Chan said the deal was a strategic move to enter the American market. He said the deal would give Fox News Service a significant presence in the Asia-Pacific region.

CURRENCY RATES table listing exchange rates for various currencies including the US Dollar, Japanese Yen, British Pound, etc.

INTEREST RATES table listing interest rates for various financial instruments and time periods.

هكذا من الأهل

MEDIA MARKETS

Boy Wonder of TV Sleaze Went Too Far This Time

By John Lippman
LOS ANGELES — If anyone personified tabloid TV, it was Stephen Chao. The former reporter for the National Enquirer was the architect of such Fox Network shows as "Cops" and "Studs," which stretched the limits of bad taste on television...

Mr. Murdoch fired Mr. Chao on the spot. It was ironic that the proprietor of tabloid TV should fall victim to the very kind of outrageous act that made him a success in the industry...

Mr. Murdoch was outraged. The media baron, whose habit of publishing pictures of bare-breasted women in his British tabloids makes his strict personal moral code...

Mr. Chao also had his defenders. In an industry where instant commercial success is the only respected measure of achievement, Mr. Chao's shows produced a gold mine...

CURRENCY RATES

Table with columns for Currency, Unit, and Rate. Includes sub-sections for Cross Rates, Other Dollar Values, and Forward Rates.

INTEREST RATES

Table with columns for Eurocurrency Deposits, Key Money Rates, Asian Dollar Deposits, and U.S. Money Market Funds.

Bull Gets Cost-Cutter As Chief

Bernard Pache Led Coal Group

By Roger Cohen
PARIS — Bernard Pache, an engineer with no experience in the computer industry, was named Tuesday to head the troubled state-owned computer maker Groupe Bull SA after the dismissal of Francis Lorentz...

Mr. Pache attended the Ecole Polytechnique, France's top engineering school, and worked for 17 years at the state-owned aluminum company Pechiney SA...

Mr. Pache, 57, has been chairman of the state-owned coal group Charbonnages de France for the past six years. He presided over a drastic restructuring of the coal industry...

BMW Faces Japanese in U.S.

New Plant Will Intensify the Competition

By Ferdinand Protzman
MUNICH — Bayerische Motoren Werke AG, in building its long-heralded assembly plant this year in South Carolina, will be intensifying its battle against the new generation of Japanese luxury cars...

EC Air Pact: A Fare Disappointment?

By Barry James
PARIS — Although the European Community's air-liberalization agreement reached this week was designed to increase competition and thus reduce fares...

Apple to Team With Toshiba On Multimedia

By Andrew Pollack
TOKYO — Apple Computer Inc., continuing its thrust into the consumer electronics business, said Tuesday it would work with Toshiba Corp. of Japan to develop products that combine sound and video with computers...

Apple and Toshiba said they would develop consumer devices that play special compact disks known as CD-ROMs, which can store data, text and images as well as sound...

Arab TV Network to Buy UPI for \$3.95 Million

Compiled by Our Staff From Dispatches
NEW YORK — A U.S. bankruptcy judge on Tuesday approved Middle East Broadcasting Center Ltd.'s offer to buy United Press International for \$3.95 million in cash after the troubled news agency and its creditors accepted the offer...

At Canary Wharf The View Is Bleak

By Erik Ipsen
LONDON — Four weeks after they took over as administrators of London's massive Canary Wharf project, Ernst & Young will outline to the project's inebriated bankers Wednesday in Toronto its proposals for the project's future...

Table with columns for A.M., P.M., and Ch/Yr. Lists various market indicators and prices.

Advertisement for Mappin & Webb watches. Features several luxury wristwatches and text: 'Exclusive timepieces. Exclusive of tax. At Mappin & Webb, Terminal 3. BAAZ Heathrow TAX FREE SHOPPING'.

MARKET DIARY

Wall Street Gains After Tokyo Steadies

NEW YORK — U.S. stocks advanced slightly on Tuesday as investors drew encouragement from stable share prices in Tokyo overnight. The Dow Jones industrial average, which fell 4.55 points on Monday...

day, gained 4.82 points, to 3,285.62. Advancers outnumbered decliners by a margin of about 8 to 6 among common stocks on the New York Stock Exchange. Volume totaled about 191 million shares, up from 170 million on Monday.

Eugene Perrier, chief technical analyst at Janney Montgomery Scott Inc. in Philadelphia, called the advance mostly a technical rebound from an oversold condition. He said the market's recent sharp declines had created an opportunity for money managers to dress up their portfolios as the end of the quarter nears.

Dollar Awaits Summit As Trading Subsides

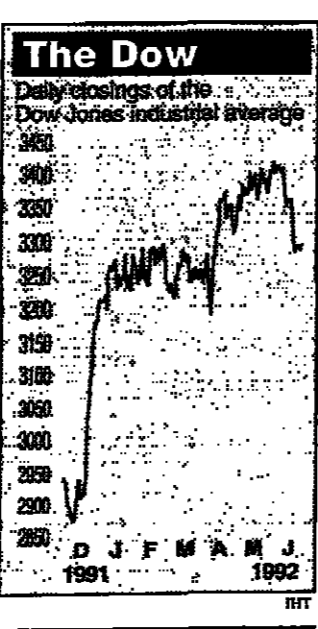
NEW YORK — The dollar was little changed Tuesday in tight trading, with dealers reluctant to take up new positions ahead of the upcoming summit meeting of the seven major industrial nations. Analysts said the U.S. currency...

day, and crept up to 127.285 yen from 127.085. The British pound rose to \$1.8625 from \$1.8623. Against other European currencies, the dollar moved to 1.4172 Swiss francs from 1.41535 and to 5.272 French francs from 5.2725.

Early in the trading day, the dollar was dragged lower after a Bundesbank report that Germany's money supply expanded more strongly than expected in May.

"Everyone went short dollars this morning when the German money supply numbers came out, but then they brought them back up," said Margaret Cassia, a vice president at Barclays Bank PLC. "People put trades on but they take profits quickly."

At the close of New York trading, the dollar inched up to 1.5663 Deutsche marks from 1.5660 Mon-



D J F M A M J 1991 1992

Table: Dow Jones Averages. Columns: Open, High, Low, Last, Chg. Rows: Industrials, Transp., Finance, S&P 500.

Table: Standard & Poor's Indexes. Columns: High, Low, Close, Chg. Rows: Industrials, Transp., Utilities, Finance.

Table: NYSE Indexes. Columns: High, Low, Close, Chg. Rows: Composite, Industrials, Transp., Utilities, Finance.

Table: NASDAQ Indexes. Columns: High, Low, Close, Chg. Rows: Composite, Industrials, Transp., Utilities, Finance.

Table: NYSE Most Active. Columns: Vol., High, Low, Last, Chg. Rows: AT&T, IBM, Microsoft, etc.

Table: AMEX Stock Index. Columns: High, Low, Close, Chg. Rows: 30 Bonds, 10 Utilities, 10 Industrials.

Table: Dow Jones Bond Averages. Columns: Close, Chg. Rows: 30 Bonds, 10 Utilities, 10 Industrials.

Table: Market Sales. Columns: NYSE 4 p.m. volume, AMEX 4 p.m. volume, NASDAQ 4 p.m. volume, etc.

Table: NYSE Odd-Lot Trading. Columns: June 22, June 23, June 24. Rows: Buy, Sell, Short.

Table: S&P 100 Index Options. Columns: Strike, Call, Put, Last, Chg. Rows: 100, 110, 120, etc.

Table: NASDAQ Diary. Columns: Class, Prev., Total Issues. Rows: Advanced, Declined, etc.

Table: U.S. FUTURES. Columns: Class, High, Low, Prev. Close. Rows: Food, Metals, Stock Indexes.

Table: Food. Columns: High, Low, Prev. Close. Rows: Sugar, Cocoa, Coffee, etc.

Table: Metals. Columns: High, Low, Prev. Close. Rows: Aluminum, Copper, Nickel, etc.

Table: Stock Indexes. Columns: High, Low, Prev. Close. Rows: S&P 500, Dow Jones, etc.

Table: Spot Commodities. Columns: Commodity, Today, Prev. Rows: Wheat, Corn, Soybeans, etc.

Table: Dividends. Columns: Company, Dividend, Yield. Rows: Disney, McDonald's, etc.

Table: U.S. FUTURES (continued). Columns: Class, High, Low, Prev. Close. Rows: Grains, Soybeans, etc.

Table: Grains. Columns: High, Low, Prev. Close. Rows: Wheat, Corn, Soybeans, etc.

Table: Soybeans. Columns: High, Low, Prev. Close. Rows: Soybean Meal, Soybean Oil, etc.

Table: Metals. Columns: High, Low, Prev. Close. Rows: Silver, Gold, etc.

Table: Industrial. Columns: High, Low, Prev. Close. Rows: Cotton, Sugar, etc.

Table: Financial. Columns: High, Low, Prev. Close. Rows: U.S. Treasury, etc.

Table: Stock Indexes. Columns: High, Low, Prev. Close. Rows: S&P 500, Dow Jones, etc.

Table: Commodity Indexes. Columns: High, Low, Prev. Close. Rows: S&P 500, etc.

Table: U.S. FUTURES (continued). Columns: Class, High, Low, Prev. Close. Rows: Grains, Soybeans, etc.

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Table: Commodity Indexes. Columns: High, Low, Prev. Close. Rows: S&P 500, etc.

U.S. / AT THE CLOSE

SEC Proposes Disclosure Of Executive Pay Details

WASHINGTON (Combined Dispatches) — The Securities and Exchange Commission on Tuesday proposed giving investors more details about how top executives are paid and making it easier for shareholders to talk to each other about companies in which they own stock.

The plan would require companies to provide tables summarizing compensation for top executives. They also would have to divulge the board's rationale for awarding compensation.

The SEC would also require a chart comparing a company's total return to investors in stock price changes and dividends with a broad stock index such as the Standard & Poor's 500 index.

In addition, shareholders would be required to file a notice with the SEC after communicating in writing with another shareholder about how to vote at a company's annual meeting. Currently, shareholders must receive SEC clearance in advance.

Hewlett-Packard Buys TI's Unix Line

PALO ALTO, California (Bloomberg) — In a bid to battle Sun Microsystems Inc. for dominance of the \$12 billion global workstation market, Hewlett-Packard Co. announced Tuesday that it would acquire Texas Instruments Inc.'s Unix workstation operations later this year.

Financial terms were not disclosed and both companies said they had only signed a letter of intent. Still, Texas Instruments warned that some of its 1,600 employees in the Unix computer business may lose their jobs.

The takeover is aimed at bolstering Hewlett-Packard's share of the workstation market, which analysts estimate at about 22 percent, behind Sun's 25 percent. A Hewlett-Packard official said the company was buying the Unix line for its market base and suppliers, not for its technologies.

United Is Sued Over Hiring in Paris

NEW YORK (Combined Dispatches) — The union representing flight attendants employed by United Airlines said Tuesday that it had filed suit to stop alleged unlawful conduct by the company at its new Paris flight attendant base. The base is scheduled to open Aug. 1.

The lawsuit, filed by the Association of Flight Attendants in Federal Court in New York, claims United is making unilateral changes to the collective bargaining agreement. The union said, in disregard of the contract, was hiring new employees from Europe rather than filing the Paris jobs with current flight attendants who want them.

For the Record

Digital Equipment Corp. said Tuesday it had won a systems integration contract from Optus Communications, an Australian telecommunications carrier, valued at up to \$750 million over 10 years.

U.S. automakers, who are stepping up production to meet a slowly strengthening car market, could be forced to halt vehicle production in case of a railway strike by Amtrak and Conrail, company officials said Tuesday.

UPI: Middle East Offer Approved

(Continued from first finance page) In announcing his decision, Judge Conrad said, "Lord knows, in this economy, we need to keep as many reporters alive and eating as we can."

He added that UPI's 600 remaining employees had been "in Dante's hell because they never knew if they're going to have a job from one Friday to the next."

PLANT: BMW Will Invest \$400 Million in New South Carolina Factory

(Continued from first finance page) with the Japanese manufacturers, company officials said. Other factors cited by Mr. von Künheim were South Carolina's infrastructure, particularly its good highway links, the airport and the nearness of an ocean port.

The preponderance of German parts is intended to head off the kind of quality problems that plagued Volkswagen AG, the first German carmaker to try to build autos in the United States. That effort ended in failure in 1988, when Volkswagen closed its assembly plant in Pennsylvania.

Mr. von Künheim dismissed any comparison with Volkswagen and brided at the suggestion that customers might question the quality of a high-performance German car built in South Carolina.

"You can rely on it that in the future all our customers will be able to say this was BMW," he said.

WORLD STOCK MARKETS

Table: WORLD STOCK MARKETS. Columns: Class, Prev., High, Low, Last, Chg. Rows: Amsterdam, Brussels, Frankfurt, London, Milan, Montreal, Singapore, Tokyo, Zurich.

U.S. FUTURES

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Maxwell's Group Takes Big... Natwest Gives... NYSE Tuesday's Closing... EUROPHENIX... Various financial and market-related text and advertisements.

Maxwell's Legacy for Mirror Group Takes Big Charge for Missing Funds

LONDON — Mirror Group Newspapers PLC took a \$421.5 million (\$785 million) extraordinary charge...

Debt Deal Is Seen for Ex-Soviets

FRANKFURT — The Commonwealth of Independent States will be permitted a third three-month moratorium on debt repayment...

Money Supply Rises Faster in Germany Rate Cut Appears Ruled Out

FRANKFURT — Stronger than expected money-supply growth for May has dashed hopes that the Bundesbank might be able to cut interest rates this year...

Table with 5 columns: Exchange, Index, Tuesday Close, Prev. Close, % Change. Rows include Amsterdam, Brussels, Frankfurt, Helsinki, London, Madrid, Milan, Paris, Stockholm, Vienna, Zurich.

Natwest Gives Shares to Pensioners

LONDON — National Westminster Bank PLC returned on Tuesday some £25 million (\$47 million) worth of shares to pension funds...

"We welcome Natwest's initiative and hope the other banks will follow this lead," said Kenneth Trench of the Maxwell Pension Fund Members Association.

Ruble Is Devalued

The Russian Central Bank changed its fixed "market rate" for the ruble against the dollar, lowering the rate to 100 per dollar from 85...

"Some people were thinking we might have lower interest rates from the Bundesbank as early as this summer," said Marc Bogouslavski, economist at S.G. Warburg Frères in Paris.

Very briefly:

- Electrolux AB, the Swedish household appliance group, has agreed in principle to buy 10 percent of AEG AG of Germany; no terms were disclosed.

NYSE Tuesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

Large table with multiple columns listing stock prices for various companies on the NYSE.

PLAYER: Apple-Toshiba Pact

(Continued from first finance page) needed for this new industry. The combination of Apple and Toshiba seems to be another link in a chain of intriguing interconnections...

BULL: Cost-Cutter Named Chief

(Continued from first finance page) of eight of its 13 plants and the loss of 10,000 jobs in the past two years. The products that are the fruit of the IBM alliance, some of them based on a new computing technology...

Poland Weighs New Bond Sale

LONDON — Poland is planning to sell as much as 7 trillion zlotys (\$511 million) of three-year notes in August, and for the first time foreign investors will be allowed to buy them, bankers said Tuesday.

SLEAZE: A Jobless Boy Wonder

(Continued from first finance page) the fourth network's effort to create a news division, and Fox Television Stations, the studio's seven owned affiliates.

Albania to Raise Utilities Prices

TIRANA — Albania's new democratic government will raise prices for a range of utilities in preparation for economic reform, according to Tirana radio.

EUROPHENIX FUND NOTICE TO SHAREHOLDERS. The Directors of Europhenix Management Company S.A. decided the creation of the first Board Meeting which was held on February 16th, 1992...

SMALL COMPANY WITH HUGE PROJECT... which could generate eight figure profits within months of launching, seeks help. Although international in scope and made possible by new communication technology...

AEROSPATIALE. People at the top read the Trib. No local bias. No national slant. No partisan viewpoint. Simply a balanced editing of the news for people with a stake in international affairs.

"YOU CAN'T DO THAT" EXECUTIVE SEMINAR. DANIEL S. PEÑA, SE invites you to join him and an invited list of international business and political leaders at the Seminars at GUTHRIE CASTLE, SCOTLAND.

SPORTS EURO 92

To America, Wanting Love

GOTHENBURG, Sweden — Europe was assured Tuesday by the chairman of World Cup USA 1994, Alan Rothenberg, that America will produce the most successful tournament in soccer history.

Successful by what standard? He can't convince all of the teams to play like the Netherlands and Denmark. And after surviving a dreadful opening week in which the European Championship almost rusted to a halt, it seems that observers here are more concerned about the quality of the international game than its new American landscape.

The United States will be a credible host, ABC, the television network, has been won over, agreeing to broadcast 11 World Cup matches live and the other 41 on its sister cable network, ESPN. Some matches might be shown live on a pay-per-view basis, depending on ESPN's schedule, but none will be interrupted by commercials.

MISSED: 'Marco Golo' Finds, That in a Shoot-Out Lottery, Lady Luck Is Elusive

(Continued from page 1) the three greatest goalscorers of his era had not scored once in his four matches. He was not alone, for Gary Lineker, England's most prolific goalscorer of all time, also had a barren tournament, although Jean-Pierre Papin, the Frenchman who will join van Basten for a fee of \$15 million at Milan next season, did score two wonderfully precise goals.

soccer tournament at the Los Angeles Olympics. "That was an era of tremendous international tension. We had to deal with the Soviet-led boycott of the games. There were all sorts of concerns about terrorism. A lot of advance work was done to make sure that the movements of those people were known. That was a 100 percent success."

However, the World Cup will invite a street element of thuggery. Consider that 16 million Americans play soccer, one-third of them women. Rothenberg estimates that 70 percent or more of the spectators will be Americans. Imag-

Rothenberg's challenge: to convince a world that the United States will be a credible host, and to convince Americans that soccer is a credible sport.

ine the suburban family in their baseball caps mixing with the same roaming packs of English and German wolves responsible for most of the trouble here. Rothenberg notes that none of the violence in Sweden has occurred at stadiums. It should be made clear, however, that the English showed their worst side while leaving Rasunda Stadium in Stockholm last week. They had nothing to lose because their team was going home.

Rob Hughes

people in Croatia," observes Tony Signore, the New Yorker whose planned MasterCard ad program. To continue the list. The Netherlands' Dennis Bergkamp, the nominee of Game 3, donated his \$750 to the Action to Fight Hunger in Africa, a fund close to the heart of the Netherlands' captain, Ruud Gullit, who as a UNICEF ambassador personally adopted an African team and supplied equipment for it.

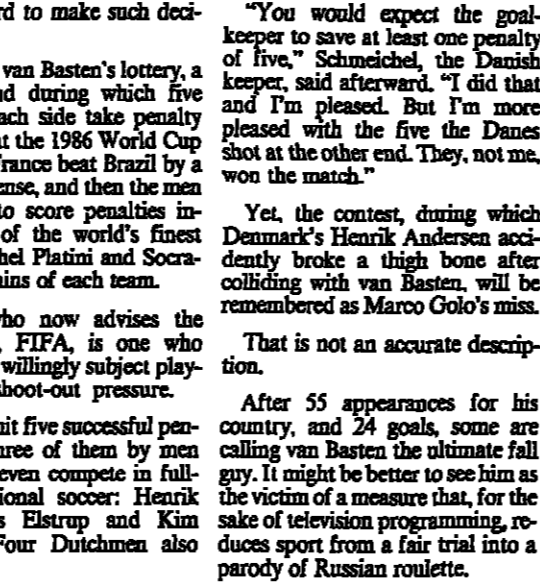
The Human Side of Winning

International Herald Tribune

GOTHENBURG — In human terms, Euro 92 probably reached as high and as low as it is going to get during Monday night's victory for Danish spirit over Dutch flair.

The match had, as the Netherlands' manager, Rinus Michels, put it, all the quality and suspense of a Hitchcock drama. Indeed, even that past master of the macabre might have squirmed at the nauseous TV close-ups of Hendrik Andersen's left thigh with its broken bone protruding through the skin of the Danish player.

PEANUTS



BOOKS

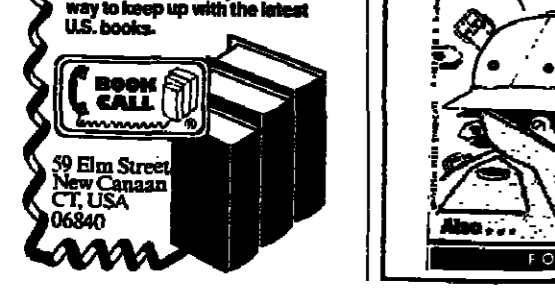
SPIN CONTROL: The White House Office of Communications and the Management of Presidential News

By John Anthony Maltese. 297 pages. \$29.95. The University of North Carolina Press, Box 2288, Chapel Hill, North Carolina 27515-2288.

BEST SELLERS

Table listing best-selling books with columns for title, author, and last week's rank.

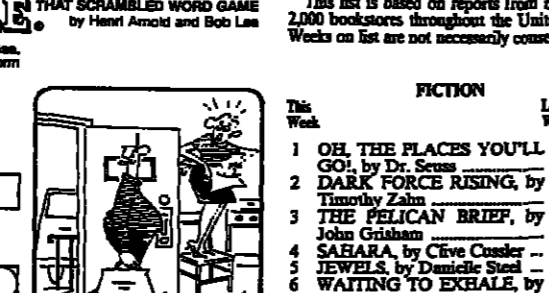
DOONESBURY



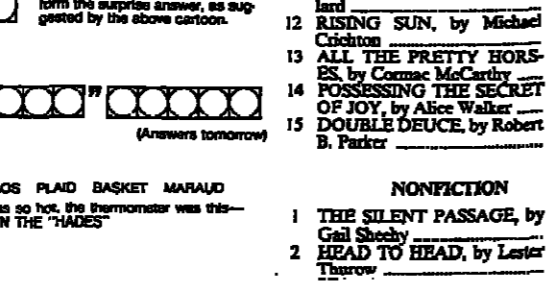
JUMBLE

A word puzzle section with a grid and instructions for solving the puzzle.

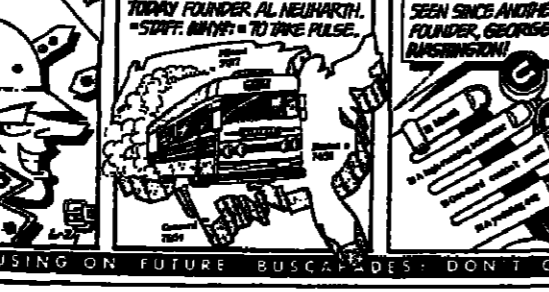
WIZARD OF ID



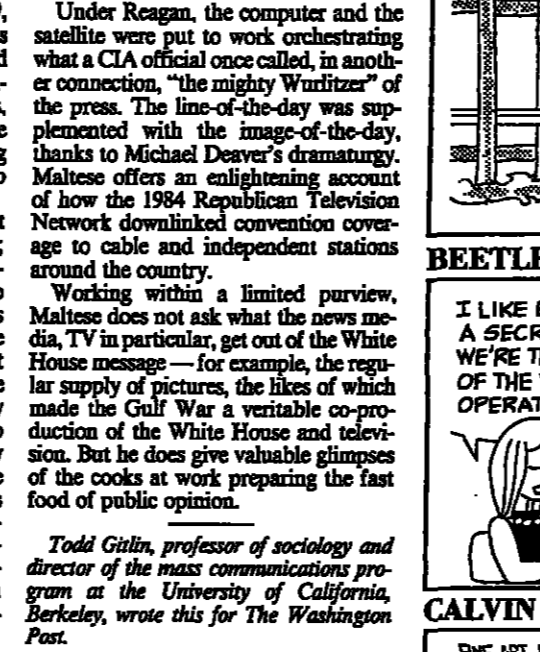
REX MORGAN



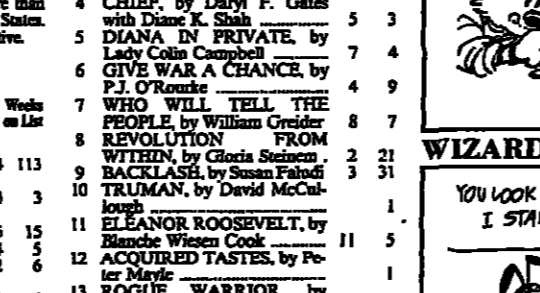
GARFIELD



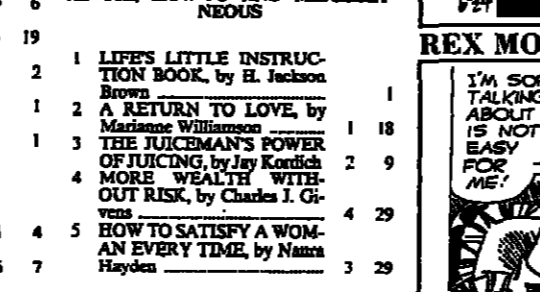
BETLE BAILEY



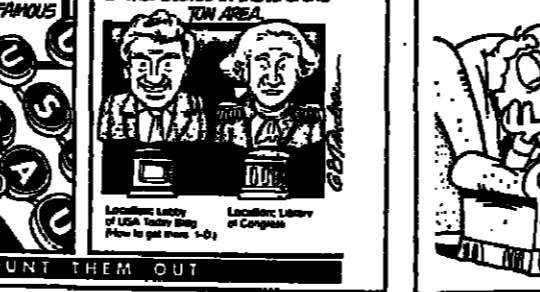
CALVIN AND HOBBS



WIZARD OF ID



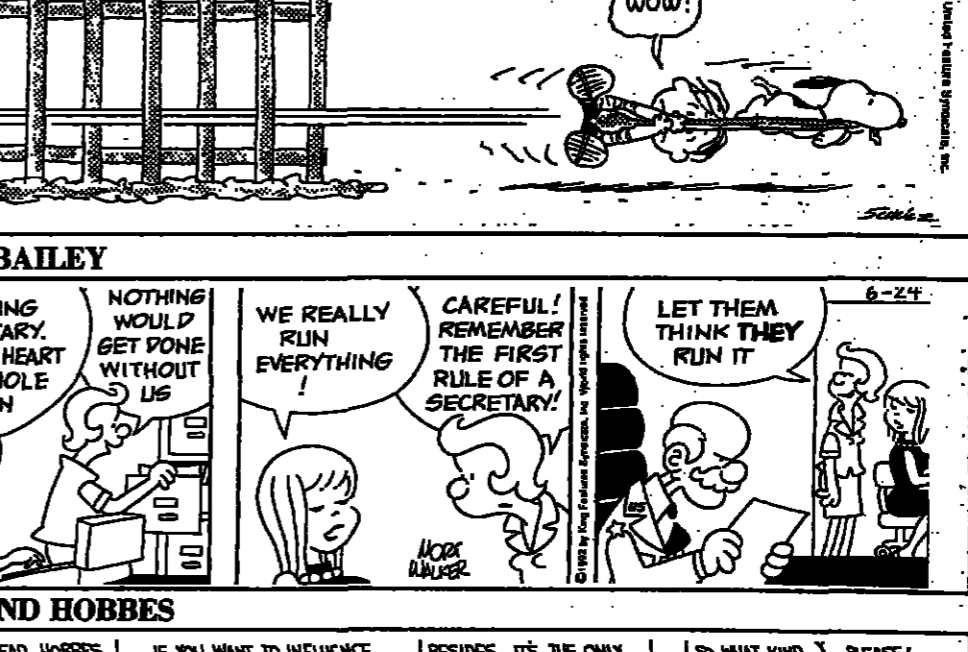
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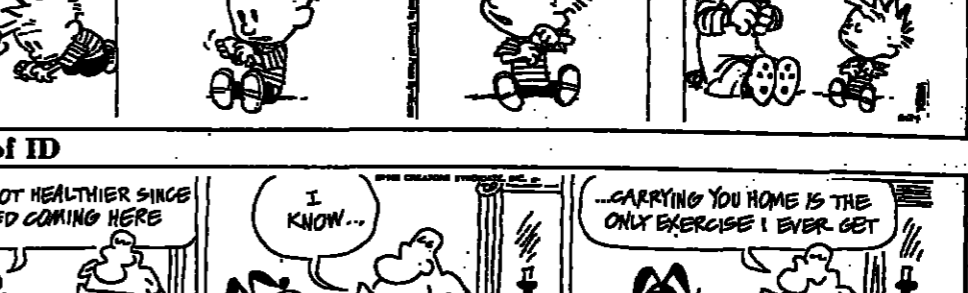
GARFIELD



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REX MORGAN



GARFIELD



Large vertical advertisement on the right side of the page, partially cut off, featuring the word 'SPOR' and other text.

Small advertisement at the bottom left corner with a phone number and company name.

Small advertisement at the bottom left corner with a phone number and company name.

SPORTS WIMBLEDON

IAAF Waives Rule On 'Contamination' In Reynolds Case

The Associated Press LONDON — The International Amateur Athletic Federation backed off Tuesday from its threat to bar from the Olympics any runner who competes against Dutch Reynolds this week, and at the same time, warned U.S. courts to keep out of its jurisdiction.



Jeremy Bates of England, above, was wildly happy about his 6-4, 6-3, 6-3 upset of the seventh-seeded Michael Chang, while John McEnroe, the unseeded three-time Wimbledon winner, was stretched to overcome Luiz Mattar, 5-7, 6-1, 6-3, 6-3. McEnroe had five double faults in the opening set.

Chang First Major Upset, To the Glee of Britain

WIMBLEDON, England — Michael Chang, whose Grand Slam career has been all downhill since he won the French Open three years ago, became the first seed to lose at the 106th Wimbledon championships on Tuesday.



Lewis: Too much heat.

Lewis: Short On Long Jump

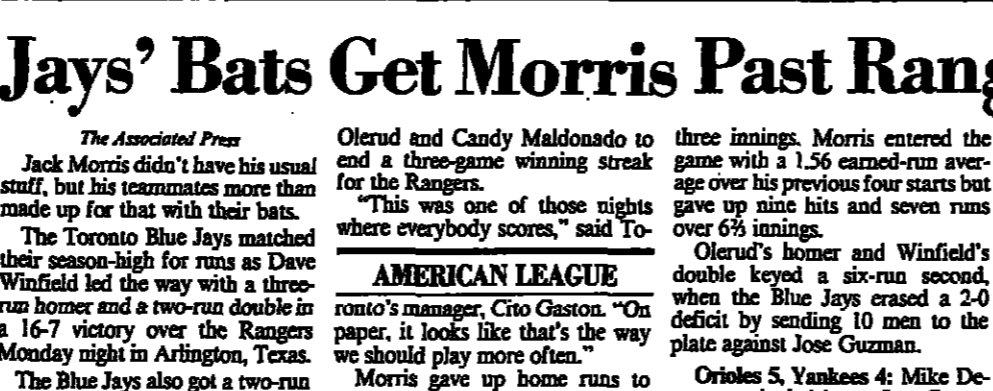
Washington Post Service NEW ORLEANS — Carl Lewis, already an also-ran in the 100 meters, failed three times to post a long jump that would have automatically put him in the final.



Tomlin: Wins sixth straight game.

Jays' Bats Get Morris Past Rangers, 16-7

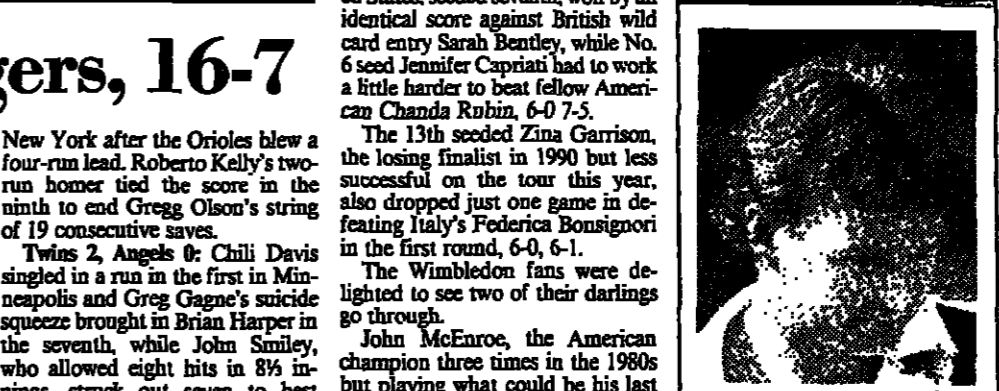
The Associated Press JACK MORRIS didn't have his usual stuff, but his teammates more than made up for that with their bats.



Pirates' Tomlin Wins Sixth Straight Game

Pirates' Tomlin Wins Sixth Straight Game

Compiled by Our Staff From Dispatches Randy Tomlin ran his winning streak to six games, tied for the major-league lead with his 10th victory and perhaps put himself in line for next month's All-Star Game.



Garrison: Too much pain.

Connors: Agony Without Ecstasy

New York Times Service WIMBLEDON, England — With his pyrotechnics eclipsed by the need for some personalized geriatrics, Jimmy Connors, 39, stumbled away from his 20th Wimbledon victory on Tuesday.

SCOREBOARD

BASEBALL

Table with Major League Standings, American League, and National League columns.

Japanese Baseball

Table with Central League, Pacific League, and Japanese Baseball columns.

BASKETBALL

Table with European Olympic Qualifiers and Basketball columns.

TENNIS

Table with Wimbledon and Women's Singles, First Round columns.

SIDELINES

Table with NHL Creates New Leadership Group and For the Record columns.

For the Record

Yuri Aravchikov of Russia made boxing history Tuesday when he became the first fighter from the former Soviet Union to win a professional title, knocking out Thai champion Muangthai Kittikongs in the eighth round of their WBC flyweight bout in Tokyo.

Large advertisement for AT&T USADirect service, featuring a fish and the text 'AT&T USADirect Service can get you home from over 100 countries.' Includes a list of countries and phone numbers.

OBSERVER

Honeysuckle Prose

By Russell Baker
NEW YORK — This is not a knock on New York, which is great, with its opera and theater and bridges and tunnels and subways and everything, but it would be even better with some honeysuckle vines in bloom.

Of course, there's plenty of poison ivy mixed in with that honeysuckle too. That's why you're wearing the heavy gloves and sturdy long-sleeved khaki shirt. Did I mention the long-sleeved khaki shirt? In fact, did I mention tucking your pants legs into your socks? You do that because the ticks idling out there in the honeysuckle and poison ivy are going to go absolutely food-crazy when they see a warm-blooded gardener, and hop right on looking for places to burrow in.

For Ray Hicks, the Story's in the Telling

By Jason DeParle
NEW YORK TIMES SERVICE
BEECH MOUNTAIN, North Carolina — Someone recently asked Ray Hicks how he met his wife. He answered straightforwardly enough.



Ray Hicks: "Like I said, it's a loooong story."

The problem with his first girlfriend was that she was poor and raggedy, so Ray got her fixed up, but other boys then lured her away... so Ray courted her niece, but the niece's mother was a witch, who learned from reading tobacco stems that Ray wasn't really in love... so he went walking with a third girl, who brought him to a fortune-teller, who read some coffee grounds, which...

ers Jakob and Wilhelm Grimm. The tales, which had traveled to the United States in colonial times, were passed down to Hicks's ancestor, Council Harmon, who is thought to have died in 1896 at the age of 93. The details of the "Jack Tales" vary greatly, but the structure is usually the same, said Bill Lightfoot, a folklorist at Appalachian State University. A young boy named Jack, third son in a poor family, sallies forth into a dangerous world, conquers his adversaries with kindness or guile and emerges a hero.

inch stick, which Jack put in the middle of the farmer's circle. "And that rabbit necessarily went to the world," Hicks said, recalling how the bunny had bounced to the line before retreating. The story ends in a song, with Jack celebrating how he first taunted the farmer with a lie about kissing his wife, then beheaded him. Professors who study this sort of thing have noted that this courtship story, called "Fill, Bow! Fill," is Type 570 of the Aarne-Thompson index, a typology of folk tales; that the old man with the stick bears a resemblance to the God Woden (for whom Wodens-day, or Wednesday, is named); and that the song at the end makes it a "cantefable," a story form that is rarely employed by white Americans.

PEOPLE

Danish Prince Seeking A Home, Not a Castle

Spare a thought for Frederik Henrik Christen, 23, the crown prince of Denmark. He's off to attend Harvard University in Cambridge, Massachusetts, in the fall, but some of his neighbors are dismayed that the prince has been accorded a three-bedroom, carpet-controlled apartment. Such apartments are for low- or moderately-income families, said William Walsh, a city councillor, although he didn't say how such a family could afford this place, which rents for \$1,900 a month. Harvard, the landlord, held fast, saying that the prince wants to live there with his bodyguards, the place is his.

Advertisements for 'The Dollar After Bush' and 'Lee Kuan Yee'.

Today's Business Message Center. Appears on Pages 4 et 8. ANNOUNCEMENTS. THE BIT IS NOW AVAILABLE IN MANY U.S. CITIES ON DATE OF ISSUE.

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A Lecture to Lee Kuan Yee. By Michael Richardson. SINGAPORE — American... Lee Kuan Yee, Singapore's... U.S. Calls Libyan Off.

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